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USER CHOICE c2002: CONTRADICTIONS AND CHALLENGES

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Introduction

Although User Choice for New Apprenticeships and Traineeships has been in operation for several years now it remains a controversial policy. The policy aims to give greater power to ‘users’ of the VET system to choose a training provider and to customise the content, timing and the mode of delivery of the training, but critics of User Choice argue that ‘users’ or ‘clients’ are defined narrowly as employers and that the needs of others, such as communities and apprentices/trainees, are overlooked. They also suggest that the policy has the potential to undermine VET system planning and to squander public investment in VET infrastructure.

Nevertheless, evaluations of User Choice have consistently found that the policy is strongly supported by employers, who welcome the flexibilities it offers and the ability to access training that is much more closely aligned to their particular needs. In addition when offered User Choice, Aboriginal communities have indicated that it empowers them to seek and negotiate more appropriate training.

CEET has been involved in projects investigating aspects of User Choice since the first User Choice pilot projects were established by ANTA in 1996. These have explored a range of issues including:

- Key policies issues in implementing User Choice
- Third party access
- User Choice and equity in VET
- Implementation of the nine User Choice principles (agreed by federal, state and territory Ministers) in each of the states and territories.

Currently, within its program as an ANTA key VET research centre, CEET is investigating User Choice for small and medium-sized enterprises. This work follows suggestions that the policy might favour large firms with many apprentices and trainees and thus more power to negotiate with training providers. Small and medium-sized firms might be disadvantaged also because they lack information about the training market. CEET is seeking to identify differences in the User Choice experience of firms of different sizes – and the reasons for them. The work is also looking at whether there are differences between firms located in metropolitan, regional and rural areas as

it is possible that location may compound with firm size to limit training choices and access to information about them.

In addition to this work, CEET is also currently working with ANTA on projects evaluating some changes that have recently been made to User Choice arrangements and exploring some User Choice changes recently proposed by the Australian Chamber of Commerce and Industry (ACCI).

This paper draws on CEET's current and previous User Choice work to provide an update on the policy as it is practiced in 2002 and to highlight some issues that remain to be resolved if the effectiveness of the policy is to be enhanced.

Do the size and location of the firm make a difference?

Re-analysis of an ACCI Survey

In 2000-2001, the Australian Chamber of Commerce and Industry (ACCI) conducted a survey of its members about User Choice in VET. The survey asked 350 employers whether they had used User Choice and about their access to User Choice information. It also sought their opinions on several different aspects of User Choice. Data was collected on firm size and location.

In May 2001 ACCI published the main findings of the survey in an issues paper and on its website. It noted support for User Choice among firms of all sizes but it also expressed some major concerns about existing User Choice arrangements:

...between the promises of the User Choice policy and the reality for many employers, there lies a credibility gap. There is an increasing tension building amongst employers, a tension which stems from a perception that, for whatever reasons, employers are not always getting the choices they should have, or the information they are entitled to under the policy. It is the key message from employers for governments to encourage employers to participate in training.

ACCI further suggested that current difficulties might have negative consequences:

A weakening of the User Choice arrangements, or a failure to fully implement those/arrangements will only lead to a lessening of demand. Employers may begin to withdraw from an engagement in training if their role and influence is diminished.
(Training and User Choice, The Employer Perspective - ACCI Issues Paper).

Following the release of the survey findings, CEET contacted ACCI to discuss them in more detail. In these discussions, ACCI indicated that responses to the survey had raised several issues that it believed required further investigation. ACCI then made the survey data available to CEET for a re-analysis that would focus on issues of firm size and location and aim to identify some major questions to be followed up in case studies of some individual firms.

CEET's re-analysis of the ACCI survey found that overall, regardless of their size, the majority of firms responding to the survey use and are reasonably satisfied with User Choice. However, there were a number of areas in which further exploration is needed to assist in understanding what lies behind the survey responses. The survey results also highlight some issues of concern, particularly in relation to small firms.

1. More than a third of all the small firms responding to the survey indicated that they did not use User Choice because they did not know about it. Only 2.5% of the small firms were using

on-line information and while more than half were obtaining information from New Apprenticeship Centres (NACs), large firms used these centres more often (79.2% compared with 59.5%).

2. The small firms that were using User Choice appeared to have fewer choices than larger firms, particularly in relation to the location of training.
3. In a number of questions the responses of medium-sized firms differed from those of small and large firms. The variations might indicate an industry effect rather than a firm size difference, as a higher proportion of medium than small or large firms are clustered in manufacturing. However, further investigation is needed to confirm this.
4. In general, there were few substantial differences between firms according to their location. However, many more regional and rural firms than metropolitan firms indicated that they did not use User Choice because they do not know about it.
5. There were some differences between the opinions of firms operating in more than one state or territory and all firms about various aspects of User Choice. More indicated that User Choice provides a greater choice of training provider and more choices in the location and content of training. More also agreed that User Choice improves the spread of training, encourages more flexibility, enables employers to take a more active role and provides better access to training funds. More also agreed that employers and employees were happy with User Choice. This suggests that, on the whole, firms operating in more than one state or territory have higher positive opinions of User Choice than all firms. However, fewer of these firms than of all firms agreed that there is access to understandable information.

Case Studies

The findings of both ACCI's and CEET's analyses of the survey data raise some questions and issues that will be explored further in case studies of individual firms to be undertaken within the next few months. The case studies will include firms of all sizes in metropolitan, regional and rural areas in at least three states. Some of the questions that will be pursued are:

- Are small firms being offered only 'second-class' User Choice? What options are they missing out on? For what reasons? How can they be assisted to benefit more from User Choice?
- What additional reasons, other than lack of information, explain why some firms are not accessing User Choice? How common are they? How strong are they? Do they differ for firms of different size, or location? How can any problems be overcome?
- If medium-sized firms differ systematically from larger and smaller firms in relation to at least some important aspects of User Choice, what factors are at work and how strong they are? Do they need to be addressed?

In addition, because there were no small and medium-sized firms in the agriculture industry among respondents to ACCI's survey the attitudes and practices of these firms in regard to User Choice remain unclear. Some firms in agriculture will thus be included in the case studies, because agriculture is an important industry in rural and regional areas and previous studies indicate that SMEs in agriculture do take on New Apprentices.

ACCI and the future of UC

Since it released the report of its survey on User Choice, ACCI has developed a set of proposals for strengthening User Choice. These have recently been put to ANTA and CEET has been engaged to explore the differences between the User Choice features that ACCI wants and User Choice as it is currently practiced. This small project will also aim to identify positive and negative aspects of ACCI's proposals as seen by state and territory training authorities.

In a recently published Issues Paper ACCI suggests that the implementation of User Choice has become 'bogged down with States and Territories very resistant to any significant moves on freeing up the training market'. ACCI identifies some major continuing issues of contention in relation to User Choice:

- ◆ The lack of a clear definition of User Choice and its purpose.
- ◆ Concerns about the impact of User Choice on TAFE, particularly in regional areas where it is claimed 'thin markets' will threaten the viability of some TAFE campuses.
- ◆ The control of training activity through central planning processes or 'managed competition' through select tendering.
- ◆ Issues over the quality of training provided, particularly by small private training providers.
- ◆ Fundamental flaws in the pricing system of training through 'nominal hours' allocated to training undertaken by provider rather than a set fee based on outcome.

ACCI has put forward some new proposals for the operation of User Choice to address concerns such as these. The proposals are underpinned by a set of principles for User Choice ACCI proposes should be recognised and agreed nationally. These are:

- ◆ An employer engagement focus.
- ◆ A recognition that the primary relationship in training provision is between the Registered Training Organisation and the employer.
- ◆ User Choice is about competition, choice, accessibility, customisation and responsiveness.
- ◆ User Choice requires systems to be transparent, with equal treatment of all providers.
- ◆ The Australian Quality Training Framework should be the primary tool to regulate the quality of the training system and employers prefer quality training arrangements.
- ◆ Any introduction of User Choice should initially be limited to New Apprenticeships (currently 25% of VET funding).
- ◆ The importance of State/Territories in setting their own priorities and funding levels, in consultation with industry. It may be necessary to agree at a national level on some broad parameters for unit costs in a transition period.
- ◆ Any system requires employers, or those organisations acting on their behalf to understand their role and influence over training activity (ie employer empowerment).
- ◆ The importance and availability of Training Packages in all jurisdictions.
- ◆ Recognition of 'nominal hours' as a flawed concept and the need to move to a set unit cost for all training.
- ◆ Introduction of third party access where all providers can get access to public infrastructure at reasonable rates.

The specific proposals ACCI has made have three main elements. The first is the establishment of a new pricing and purchase policy at the State/Territory level linked to each available qualification. According to ACCI, this policy would:

- ◆ Allow all providers to clearly understand and cost service.
- ◆ Allow employers to understand the extent of public money flowing to training and to supplement public monies if they seek alternate training arrangements or additional site-specific training.
- ◆ Provide a transparent process for States to determine priorities and price setting.

ACCI would prefer pricing to be based on outcomes, rather than nominal hours, so that within a state or territory there would be one price per qualification. It also recognises the need for, and supports, flexibility enabling the states to set difference prices, reflecting their differing costs, needs and priorities. However, the possibility of substantial differences in the price for a particular qualification between states also concerns ACCI. For this reason, ACCI suggests transitional arrangements that might include the setting of 'bands' within which prices would be contained.

The second proposal is to set up an on-line 'matching register' through which employers would be able to access a database listing the scope of training offered by each provider within a region, and all providers which can offer particular types of training with a designated area. The 'regions' that ACCI has in mind are areas within existing states and territories and the focus is on training for registered training packages.

Access to information about User Choice was a problem highlighted by ACCI's 2001 survey. Currently information is available from two main sources other than training providers themselves: the websites of the STAs and NACs. Over recent months the STAs have been improving their websites, but as the ACCI survey shows, usage of these sites remains fairly low. While most NACs generally do provide good information (as shown by the results of the ACCI survey) a problem remains that some NACs have close relationships with one or two particular training providers – and that some are registered training organisations in their own right. Thus they can be seen as having a vested interest in pointing employers in a particular direction.

The third proposal is to establish an e-business facility through which all User Choice business could be carried out. This proposal can also be seen as a way of widening access to objective information about User Choice and to User Choice options themselves, and perhaps also as a means of easing some of the administrative complexities that might be associated with the policy.

Contradictions and challenges

The themes of this conference include 'contradictions' in VET. Therefore, in drawing this paper to a close, we would like to highlight what we see as some of the main contradictions in relation to User Choice. We also identify some challenges that we believe have yet to be overcome if the User Choice policy is to work effectively to the benefit of the widest possible group of VET participants.

Contradictions

The first contradiction in User Choice is the gap between publicly affirmed in-principle support for the policy by the STAs and what happens in practice. While all states and territories remain committed to the nine User Choice principles agreed by Ministers, CEET research conducted for ANTA indicates that ACCI is right in stating that none of the nine principles have been fully implemented across the country. In addition, implementation has taken a variety of forms, leading

to different processes in each State and Territory. This has particularly created difficulties for firms operating in more than one state.

Some legitimate concerns have prevented STAs from implementing, or fully implementing User Choice. For instance, there might be a need to resolve a conflict with other policies and practices, or develop special provisions to accommodate regional needs. However, some other reasons for non-implementation look more like excuses (for instance, when its said that the principle is ‘hard to understand’ or conflicts with ‘the ways things are done in our state/territory’) and may reflect an undercurrent of disquiet about the policy among some politicians, bureaucrats and long-established RTOs.

The nine principles agreed in 1997 are listed below. Some recent amendments to these principles have sought to clarify some aspects – but the amendments are minor and so the principles have remained basically unchanged. In all cases, ‘sometimes’ or ‘not always’ would answer the question ‘does this happen in all states and territories?’.

The nine User Choice principles

Clients are able to negotiate their publicly funded training needs.

Clients have the right of choice of registered provider and negotiations will cover choice over specific aspects of training.

User Choice operates in a national training market not limited by State and Territory boundaries.

The provision of accurate and timely information about training options is necessary for informed choice.

Pricing of training programs by State/Territory Training Authorities should be based on clearly identified State/Territory unit costs benchmarks. Unit costs set for efficient provision may be increased by including a loading for access and equity reasons. Training over and above that which is essential to the qualification outcome for the apprentice or trainee, and is above that which is funded publicly, can be negotiated and purchased by the client.

User Choice would be harnessed to improve access and equity in the VET system and be integrated with existing initiatives.

Regulatory frameworks and administrative arrangements relating to VET at the national, State and Territory level are to be complementary to the achievement of the objectives of User Choice.

Evaluation of outcomes of User Choice against objectives is an integral element of a program of continuous improvement. Innovation is required to achieve and maintain a best practice training system.

A second contradiction is beginning to emerge from the findings of interviews that CEET is currently conducting in two states with employers and apprentices and trainees. This is that while there is strong support among employers for the types of flexibilities that User Choice offers, few employers have heard of the ‘User Choice’ policy per se. Even among knowledgeable training managers, where the term is most often familiar, the detail is largely unknown. Questions that refer specifically to ‘User Choice’ are met with a blank stare, while questions about the ability to customise training and choose a training provider are immediately understood. From this it appears that while the elements of User Choice are strongly supported, the concept itself has no ‘brand image’.

For employers, apprentices and trainees, and even some training organisations, this may not be a concern. However, for those seeking to promote User Choice, it indicates that the concept may be

misunderstood, and it means that opportunities to win support based on the flexibilities that the policy offers are being squandered.

A third contradiction also emerging from recent interviews is that while ANTA and ACCI are working to ensure that the VET system is responsive to employers and will be able to accommodate some of their special needs, at least some employers do not see the provision of tailored training as a function of publicly-funded VET. Rather, they believe publicly-funded VET should provide only basic or general training and that it is their responsibility to provide additional training of relevance to their enterprise or workplace – perhaps using their own special machinery or equipment. In some cases also, employers would not be keen to see TAFE, for instance, take over some of their role in providing specialised training, because firstly, this would be too expensive for the public purse and secondly, they have developed in-house courses and earn income by opening them up to other employers in the industry.

Challenges

Many of the challenges that currently exist to the establishment of User Choice on an effective and sustainable basis have been around for a long time without being resolved. However, in the light of ACCI's active championing of User Choice, some have taken on a new urgency and all still require attention if User Choice is to work effectively to benefit the greatest number of VET participants. Not all of the challenges are noted here – only a few which seem particularly urgent.

Firstly, User Choice continues to face the challenge of finding a way to ensure a balance between the needs of employers, and other 'users' of VET, such as communities and apprentices and trainees. Earlier evaluations of User Choice, and recent interviews by CEET with apprentices and trainees, indicate that employers have the major say in choosing an RTO and other decisions about the content and timing of training and the mode of delivery. Apprentices, trainees and others with an interest, play only a minor part, if any. Yet they have a considerable stake in the outcomes. As ACCI's voice in User Choice strengthens, finding this balance may become more difficult. Will it be possible for User Choice to change to meet both ACCI's needs and those of 'users' of VET other than employers?

A second major challenge also raised again by ACCI, is to establish a consistent approach to costing and pricing that is transparent and that clearly indicates what can be accommodated within the limits of public funding. Currently, there are differences, sometimes considerable, between the hours of training provided, the price per hour charged and the basis on which this price is calculated between and even within some states and territories – even for the same training. The reasons for these differences are not always clear. ACCI has suggested that the nominated hours concept is flawed and should be replaced with a fixed cost per qualification. However objections have been raised to this proposal on grounds including that few people in VET complete, or take out, a complete qualification – and that without 'nominated hours' no training may actually take place. ACCI has also suggested that the limits to what can be accommodated within public funding be clearly defined so that employers will know what choices are possible and can choose to supplement public funding if they want to obtain additional or specialised training beyond these limits.

A third challenge is to find ways to ensure that 'users' have all the information they need to make choices, no matter who they are or where they are located, and that this information is unbiased and relevant. Lack of information to make informed choices – or even about what choices are available – is a problem that has been raised consistently since User Choice was first implemented. As long as it continues, some people will miss out on the benefits that the User Choice policy aims to provide. In addition, steps need to be taken urgently to ensure that those

with a vested interest in gaining business through 'User Choice', such as RTOs, are not also primarily responsible for disseminating information about their competitors. Users need to be confident that the information they receive about options available to them is accurate, up-to-date and free of prejudice.

A further difficult challenge is to develop a consistent understanding of, and approach to, User Choice across the nation while ensuring that important state differences are accommodated. Identical User Choice processes and options in each state and territory would reduce complexity – particularly for companies operating in more than one location - and enhance equity by ensuring that choices are not available to some users, but not others. However, a way also needs to be found to ensure that the special needs and characteristics of each state and territory are not overlooked. For instance, distance factors in Western Australia and a large Aboriginal population in Northern Territory may require some special, or additional consideration.

References

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